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UNCLAS SECTION 01 OF 02 KINSHASA 000322

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DEPT FOR AF/EPS AND AF/C
PARIS FOR AFRICA WATCHER AND ARS

FROM BRAZZAVILLE EMBASSY OFFICE

E.O.12958: N/A

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SUBJECT: Congo/B: 2005 AGOA Report

Ref: State 024616

11. The Republic of Congo (Congo/B) leadership is committed to meeting the eligibility requirements of AGOA. See para 3 for Government and Post public diplomacy programs

12. Post's 2005 responses are kept to template outlined in reftel:

A) Market Economy/Economic Reform/Elimination of barriers to U.S/ Trade: The Republic of Congo continues to transition to a full market economy. A mixed economy is the best description of the current environment with ongoing efforts to privatized government-owned businesses and operations such as the national railway. Overall, there are signs of positive economic and commercial growth as developers and investors gain more confidence that the country's post-conflict environment is here to stay. The last government-owned bank was privatized in mid 2004 as part of Congo/B's efforts not only to meet IMF measurements but to advance its desire to have a market economy. However, the commercialization of the country's moribund and inefficient railroad remains a challenge. Several potential investors over the last year who have shown an interest have later pulled out because of the large capital needed to repair and run the system. On the other hand, the country surprised most in the international community with making solid strides to meet and qualify for an IMF Poverty Reduction Growth Facility (PRGF) in December 2004, with improved governance at some levels, oil transparency and better budgeting and accounting practices. Although this was a major positive economic development, the situation will need continued monitoring and oversight during 2005 to ensure that measures put in place for the PRGF remain permanent as the ROC's moves toward a HIPIC decision point later in the year. For the moment all is on track to date with Congo/B meeting all its arrears payments to all multilateral and bilateral creditors as well as domestic salary payments. Barriers to U.S. Trade are being actively addressed and the recently passed budget (February 23, 2005) specifically responds to a request by U.S. company Seaboard to ensure that pricing by other flour importers (most Lebanese) do not disadvantage them. In addition in April 2004 Murphy Oil received favorable consideration for two oil concessions that are now operational and recently had a positive oil find. The government remains open and responsive to issues raised by US companies and the Embassy.

B) Political Pluralism/Rule of Law/Anti-Corruption: The current President, Denis Sassou Ngeusso, was elected in 2002 in elections deemed not "to contradict the will of the people" by independent monitors. The Presidents' Congolese Workers' Party (PCT) also won the legislative elections and control 121 seats in the 137-seat National Assembly. Opposition parties, although they exist and are represented in the assembly, lack political credibility of their own making. Further they tend to represent personalities instead of being constituency based with real political platforms. The judiciary is overburdened and subject to corruption and outside influence by anyone. Over the last few years, there has not been any evidence of direct interference by the Executive Branch, however, there has been by other commercial and/or private forces. The country has put in place two new courts - the Constitutional Court and High Court - as well as a Human Rights Commission to assist with addressing judicial branch issues and human rights complaints. The Government has a strong stated anti-corruption policy and laws, which need to be further enforced. The President also highlights this issue in almost every single public speech. In mid-October 2004, additional anti-corruption laws were promulgated and enough initial progress was made in this area in order for the country to receive approval for an IMF PRGF program in December 2004. However, transparency is still a key problem area which needs continued monitoring by the international community. A reconfigured and enlarged cabinet was announced on January 7, whose performance will need to be reviewed and analyzed throughout 2005. It was expected that a newer, leaner cabinet would be put in place, but this did not happen.

C) Poverty Reduction: The ROC has an inter-ministerial

poverty reduction committee and a interim poverty reduction strategy plan (IPRSP)- an exercise done in conjunction with moving forward on IMF measures and a World Bank program. The IPRSP still needs some work but it primarily focuses on infrastructure, health, and educational development. NGOs and civil society contributed to the IPRSP. In addition, the Government is expecting that if it is successful in reaching the HIPIC decision point later this year, more resources can be devoted to these areas. In early January 2005 an inter-ministerial committee and technical working group under the leadership of the Ministry of Plan was put in place to ensure effective PRGF implementation. The first IMF review under the PRGF is schedule for early March.

D) Human Rights/Labor/Child Labor: As per Post's 2004 Human Rights submission, the Government's human rights record had some significant improvements given the post-conflict status of the country, but overall it remained poor and needs improvement. At times, some uncontrolled elements of the security forces reportedly were responsible for beatings, physical abuse of detainees, rapes, arbitrary arrest and detention. Also unidentified armed bandits, many former Ninjas, were also responsible for harassment in some areas of the Pool region. There were no reports, however, of political killings by the Government or its agents, and the country's Constitution does prohibit arbitrary arrest and detention.

On labor issues, the ROC does protect international recognized worker's rights, including the right of association, to organize, strike and bargain collectively. There are Constitutional prohibitions on forced or compulsory labor and for the most part the Government respected this in practice. The Government was committed to protecting the rights and welfare of children. The Constitution provides children equal protection under the law. Education was compulsory and tuition free until the age of 16. Children under age 16 are not permitted to work; however, in practice, this law generally was not enforced everywhere, particularly in rural areas and in the informal sector in cities. In rural areas, children worked with their families on farms or in small businesses in the informal sector without government monitoring or supervision. The Ministry of Labor, which is responsible for enforcing child labor laws, concentrated its limited resources on the formal wage sector where its efforts generally were effective. Discrimination still strongly affects pygmies, particularly regarding employment. Congo ratified ILO Convention 182 in April 2002.

13. Other AGOA outreach activities: The Government through the Ministry of Commerce has established an AGOA working group that is actively addressing ways to rebuild pre-civil war industries such as coffee and coco and niche herb items for export purposes. They are also working to put in place a visa regime for textile. Embassy public diplomacy and outreach activities this reporting period include co-sponsoring with the Ministry of Commerce a 3-day AGOA seminar with the private sector to further define key Congolese sectors which could take advantage of AGOA. The Mission, as well as the Commerce Ministry, later worked together to secure a \$225,000 grant to design a "National AGOA Strategy" and assist companies -- specifically in the coffee and coco sectors -- move forward on AGOA. Strategy efforts are ongoing. The Ministry of Commerce introduced favorable laws to assist with AGOA programs and strategies during the last parliamentary session. The Ministry sees AGOA as a key development tool. Post worked with ARS to have the AGOA product list translated into French. This list has now been distributed to the Congolese private sector via the Ministry of Commerce.

14. Brazzaville Embassy Office - Sanders
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